



**An Information Service of the Division of Medical Assistance**

**North Carolina  
Medicaid Pharmacy  
Newsletter**

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## North Carolina Health Choice Children Age 0-5 Moving to Medicaid

During the 2005 session, the General Assembly passed legislation which will move children ages birth through five years of age from the North Carolina Health Choice (NCHC) program to the North Carolina Medicaid program. Effective January 1, 2006, children birth through five years of age with family income equal to or less than 200% of the federal poverty level will be eligible for Medicaid. Children birth through five years of age currently enrolled in North Carolina Health Choice will be moved to the Medicaid program effective January 1, 2006. The North Carolina Health Choice program will continue to cover children ages six through eighteen with family income between 100% to 200% of the federal poverty level.

Some of the children moving from NCHC to Medicaid will have NCHC cards with expiration dates after January 1, 2006. These cards will not be valid after December 31, 2005. A blue monthly Medicaid card will be issued for these children in late December for use beginning January 1, 2006.

For more information, refer to the December 2005 Special Bulletin, NORTH CAROLINA HEALTH CHOICE (NCHC) CHILDREN AGES BIRTH - 5 MOVE TO MEDICAID on DMA's web site at <http://www.dhhs.state.nc.us/dma/bulletin.htm>.

## North Carolina Medicaid Upper Limits For Inhalers

North Carolina Medicaid is instituting upper limits on certain medications based on the FDA approved dosage limit per day. This will limit the number of dosage units per script that can be dispensed at one time based on a months supply. This is in line with other healthcare providers. The following upper limits for the inhalers were implemented in November:

<u>Name of Drug</u>	<u>NDC</u>	<u>Upper Limit (in gms and inhalers)</u>
Beconase AQ 25gm	00173038879	50 (2 inhalers)
Flonase 16 gm	00173045301	32 (2 inhalers)
Nasacort AQ 16.5gm	00075150616	33 (2 inhalers)
Nasonex 17gm	00085119701	51 (3 inhalers)
Nasonex 17gm	00085128801	51 (3 inhalers)
Rhinocort AQ 8.6gm	00186107008	25.8 (3 inhalers)

Asmanex Twisthaler is a new product that is measured in grams. There are 30 inhalations per package, which should be billed as 0.24 grams. There is an upper limit in place to prevent billing errors.

## Tax Identification Information

The N.C. Medicaid program must have the correct tax information on file for all providers. This ensures that 1099 MISC forms are issued correctly each year and that correct tax information is provided to the IRS. Incorrect information on file with Medicaid can result in the IRS withholding 28 percent of a provider's Medicaid payments. **The individual responsible for maintenance of tax information must receive the information contained in this article.**

## How to Verify Tax Information

The last page of the Medicaid Remittance and Status Report (RA) indicates the tax name and number on file with Medicaid for the provider number listed. Review the Medicaid RA throughout the year to ensure that the correct tax information is on file for each provider number. If you do not have access to a Medicaid RA, call EDS Provider Services at 919-851-8888 or 1-800-688-6696 to verify the tax information on file for each provider.

## How to Correct Tax Information

All providers are required to complete a W-9 form for each provider for which **incorrect** information is on file. Please go to <http://www.irs.gov/pub/irs-pdf/fw9.pdf> to obtain a copy of a W-9 form. Correct information is due by **December 7, 2005**. The procedure for submitting corrected tax information to the Medicaid program is outlined below:

All providers, who identify incorrect tax information, must submit a completed and signed W-9 form, along with a completed and signed Medicaid Provider Change form or Carolina ACCESS Provider Information Change Form, to the address listed below:

Division of Medical Assistance  
Provider Services  
2501 Mail Service Center  
Raleigh, NC 27699-2501

Refer to the following instructions for completing the W-9. Additional instructions can be found on the IRS web site at [www.irs.gov](http://www.irs.gov) under the link "Forms and Pubs."

- List the N.C. Medicaid provider number in the block titled "List account number(s) here."
- List the N.C. Medicaid provider name in the block titled "Business Name." It should appear **exactly** as the IRS has on file.
- Indicate the appropriate type of business.
- Fill in either a social security number **or** a tax identification number. Indicate the number **exactly** as the IRS has on file for the provider's business. **Do not insert a social security number unless the business is a sole proprietorship or individually owned and operated.**
- An authorized person **must** sign and date this form or it will be returned as incomplete and the tax information on file with Medicaid **will not** be updated.

## Change of Ownership

- All providers, including Managed Care providers, must report changes to DMA Provider Services using the Medicaid Provider Change form.

- Carolina ACCESS providers must also report changes to DMA Provider Services using the Carolina ACCESS Provider Information Change form.
- DMA Provider Services will assign a new Medicaid provider number, if appropriate, and will ensure the correct tax information is on file for Medicaid payments.

If DMA is not contacted and the incorrect tax identification number is used, that provider will be **liable for taxes** on income not necessarily received by the provider's business. DMA will assume no responsibility for penalties assessed by the IRS or for misrouted payments prior to written receipt of notification of ownership changes.

### **Requests for Corrected 1099 - Action Required by March 1, 2006**

Providers receiving Medicaid payments of more than \$600 annually receive a 1099 MISC tax form from EDS. The 1099 MISC tax form is generated as required by IRS guidelines. It will be mailed to each provider no later than January 31, 2006. The 1099 MISC tax form will reflect the tax information on file with Medicaid as of the last Medicaid checkwrite cycle cutoff date, December 16, 2005. If the tax name or tax identification number on the annual 1099 MISC you receive is **incorrect**, a correction to the 1099 MISC must be requested. This ensures that accurate tax information is on file with Medicaid and is sent to the IRS annually. When the IRS receives incorrect information on your 1099 MISC, it may require backup withholding in the amount of **28 percent of future Medicaid payments**. The IRS could require EDS to initiate and continue this withholding to obtain correct tax data.

A correction to the original 1099 MISC must be **submitted to EDS by March 1, 2006** and must be accompanied by the following documentation:

- A copy of the original 1099 MISC.
- A signed and completed IRS W-9 form clearly indicating the correct tax identification number and tax name. (Additional instructions for completing the W-9 form can be obtained at [www.irs.gov](http://www.irs.gov) under the link "Forms and Pubs.")

Fax both documents to:

919-816-3186,

Attention: Corrected 1099 Request - Financial

**Or**

Mail both documents to:

EDS

Attention: Corrected 1099 Request - Financial

4905 Waters Edge Drive

Raleigh, NC 27606

A copy of the corrected 1099 MISC will be mailed to you for your records. All corrected 1099 MISC requests will be reported to the IRS. In some cases, additional information may be required to ensure that the tax information on file with Medicaid is accurate. Providers will be notified by mail of any additional action that may be required to complete the correction to their tax information.

## **Coverage Information for the Excluded Drug Classes Under Medicare Part D for the North Carolina Medicaid Pharmacy Program**

Beginning January 1, 2006, Medicaid recipients with Medicare will start receiving their drugs through a Prescription Drug Plan (PDP). The PDP's will have formularies of drugs that are covered and noncovered. If a client needs a noncovered drug, Medicaid will not pay for the drug. The client will have to work with their PDP to get the drug covered or switch to another drug on the PDP's formulary.

There are classes of drugs that federal regulations do not require PDP formularies to cover. These classes of drugs are referred to as excluded drugs. Medicaid currently covers a subset of these excluded drugs and will continue to cover them for all Medicaid recipients after January 2006.

The following criteria will be used in determining the drugs that will be covered by Medicaid once Medicare Part D is implemented on January 1, 2006:

There will be no coverage for the following excluded drug classes:

1. Agents Used for Anorexia, Weight Loss, Weight Gain
2. Agents Used to Promote Fertility
3. Agents Used for Cosmetic Purposes or Hair Growth
4. Covered Outpatient Drugs which the Manufacturer Seeks to Require as a Condition of Sale that Associated Tests or Monitoring Services be Purchased Exclusively from the Manufacturer or its Designee

There will be coverage for the following excluded drug classes if there is a rebate agreement with CMS and if the drug is a legend drug:

1. Agents Used for the Symptomatic Relief of Cough and Colds (must contain an expectorant or cough suppressant)
2. Prescription Vitamins and Mineral Products, Except Prenatal Vitamins and Fluoride
3. Barbiturates
4. Benzodiazepines
5. Nonprescription drugs under NC DMA General Clinical Policy A2

All claims should be submitted to the PDP first to ensure that they are not covering these products. If denied, the claim can then be submitted to Medicaid with a "03" (other coverage exists-this claim not covered) in the other coverage code field. In situations where the claim must be filed on paper, use an 'O' in the family field to indicate that the PDP was billed first.

If the drug is covered by Medicare Part B but not covered for the recipient's diagnosis, then the claim should be billed to the PDP. The PDPs will have a prior approval (PA) process to handle this type of situation. The override for the Medicare part B edit will be discontinued effective January 1, 2006. Medicaid will pay the remaining amount if Medicare pays first (based on the Medicare allowable), but Medicaid will no longer be a primary payer for Part B drugs when not covered for the recipient's diagnosis.

## **Informed Decisions Beneficiary Centered Enrollment Service**

Informed Decisions, in collaboration with the National Association of Chain Drug Stores, offers a service called Beneficiary Centered Enrollment (BCE) to inform Medicaid recipients of their Medicare Part D options. BCE enables coordination of Medicaid data and random assignments under Medicare Part D to provide valuable information on the options available to individual Medicaid recipients under Medicare Part D.

Each Medicaid recipient that is eligible for Medicare will be receiving a personalized letter from DMA that includes a scorecard describing how each Prescription Drug Plan (PDP) available under Medicare Part D meets the recipient's needs in terms of medication regimen and pharmacy network. Each letter will include a sample list of drugs that have been paid for by North Carolina Medicaid for the recipient during 2005. The list of drugs has been compared to recently published information on Medicare PDP options that are available to the recipient for no cost other than copayment. The letter includes the name of each of the recipient's drugs, the name of each of the no cost PDPs available and whether the PDP covers the drug. Pharmacy network information is also included.

An online BCE website will also be available to pharmacists and prescribers that identifies the plan each Medicaid recipient has been auto-enrolled in along with details of the plan. A sign on ID and password will be provided for access to this website. Additional information about the BCE website, including training information, will be provided in the future.

## **Medicare Part D Web Page**

The Division of Medical Assistance has developed a new web page for the information about the Medicare Part D program. Information for providers, counties, and Medicaid recipients is available at [http://www.dhhs.state.nc.us/dma/medicare\\_d/partd.htm](http://www.dhhs.state.nc.us/dma/medicare_d/partd.htm).

## Changes in Drug Rebate Manufacturers

### Additions

The following labelers have entered into Drug Rebate Agreements and joined the rebate program effective on the dates indicated below:

<i>Code</i>	<i>Manufacturer</i>	<i>Date</i>
10914	Brighton Pharmaceuticals, Inc.	08/22/2005
11042	Advancis Pharmaceuticals	08/22/2005
13478	Barrier Therapeutics	10/28/2005
13863	Forum Products, Inc.	10/28/2005
15310	Creekwood Pharmaceutical, Inc.	11/01/2005

### Reinstated Labeler

Ranbaxy Laboratories Inc. (Labeler code 10631) has signed a new rebate agreement with a mandatory coverage effective date of 10/01/2005. There is no optional coverage date for this reinstated labeler.

*HAPPY THANKSGIVING !*

### Checkwrite Schedule

November 08, 2005	December 06, 2005
November 15, 2005	December 13, 2005
November 23, 2005	December 22, 2005

### Electronic Cut-Off Schedule

November 04, 2005	December 02, 2005
November 11, 2005	December 09, 2005
November 18, 2005	December 16, 2005

*Electronic claims must be transmitted and completed by 5:00 p.m. on the cut-off date to be included in the next checkwrite. Any claims transmitted after 5:00 p.m. will be processed on the second checkwrite following the transmission date. POS claims must be transmitted and completed by 12:00 midnight on the day prior to the electronic cut-off date to be included in the next checkwrite.*

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